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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/259,619	03/01/1999	TIMOTHY LABADIE	210655.90018	5502

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EXAMINER

ROSSI, JEFFREY A

ART UNIT	PAPER NUMBER
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2176

DATE MAILED: 04/15/2002

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/259,619

Applicant(s)

LABADIE ET AL.

Examiner

ROSSI A J.

Art Unit

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE ____ MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 11 February 2002.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-4, 6-11 and 13-15 ~~is/are~~ are pending in the application.
- 4a) Of the above claim(s) None is/are withdrawn from consideration.
- 5) ☐ Claim(s) ____ is/are allowed.
- 6) ☒ Claim(s) 1-4, 6-11 and 13-15 ~~is/are~~ are rejected.
- 7) ☐ Claim(s) ____ is/are objected to.
- 8) ☐ Claim(s) ____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on ____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on ____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. ____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) ____.
- 4) ☐ Interview Summary (PTO-413) Paper No(s). ____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: ____.

DETAILED ACTION

1. This action is responsive to the request for continued examination of 02-11-2002.
2. The disposition of claims is as follows: Claims 1-15 are pending. Claim 1 is independent. Claims 5 and 12 have been canceled. Claim 15 is new. Please note that the preamble to the amendment of 2-12-2002 states "please amend claims 1 through 4 and 6-13 as follows." However, it is clear that claims 5 and 12 were canceled, and claims 1-4 and 8-15 were re-presented in the amendment of 02-12-2002. Therefore the examiner has properly interpreted the amendment to state "please amend claims 1 through 4, and 6-14 as follows and add dependent claim 15." This is the only way the amendment may be properly applied.
3. The group art unit of the examiner handling your case has changed. The new art unit is 2176. Please use the most current art unit information to assist us in matching papers.

Claim Rejections - 35 USC § 112

4. The following is a quotation of the first paragraph of 35 U.S.C. 112:

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The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

5. Claim 15 is rejected under 35 U.S.C. 112, first paragraph, as containing subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. Claim 15 recites transmitting a check electronically to a bank which includes information not transmittable by the ACH system in combination with "... a printed check [which] may be processed using standard processing techniques. There is insufficient support in the specification for this limitation.

6. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

7. Claim 15 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

It is not understood what the metes and bounds of "information not transmittable by the ACH system". This appears to be related to the requirement under 35 USC 112 first paragraph, since the applicant had not sufficiently described this limitation in the specification as to be clear. It is understood that the ACH system would have been

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considered "check truncation", however, it also would be able to be modifiable to send any information. Applicant's affidavit suggests that certain checks on certain banks would not have been transmittable on the ACH system. However, because of the lack of written description of this feature, it is unclear as to what this limitation even means, and additionally, what the metes and bounds of the claim language should be properly construed to be, because of insufficient description in the specification per the claim language.

Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9. Claims 1-4, 6-7, 10-11, and 13-14 are rejected under 35 U.S.C. 103(a) as being unpatentable over Pollin, US Patent No. 6,041,315 A, issued 03/2000 in view of Rowney, US Patent No. 5,987,132 A, issued 11/1999.

10. Per independent claim 1; Pollin discloses check transport system comprising: a merchant computer programmed to communicate with a customer via a catalogue ("mail order"—column 7, lines 20-25) listing products for sale and indicating an option for

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payment by check drawn on funds held by a third party bank; ("Bank"—FIG. 7); a computer configured to select a check payment option ("automated draft production system"—column 4, lines 46-50), the customer computer further transmitting at least one unique customer ("The debtor's name, address, telephone number, description of the debt, and the amount are typically already known to the collection agent. In the case of use of this system for mail or telephone orders of goods and services, this information will be obtained by the person receiving the order and entered into the system"—column 7, lines 18-25) ; and a processor computer programmed to receive at least one customer identifier from the merchant computer in response to a selection of the payment by check option ("entered into the system"—column 7, line 25), the processor computer further including a data structure matching the customer identifier to at least one statistical element indicating a probability of a payment obligation by the customer being honored ("A zip code database may include empirical or statistical information on the prevalence of check fraud originating in that zip code. This information will be particularly useful in cases where the present system is used as a payment mechanism for mail or telephone orders. The debtors zip code is one which has , and based on that matching statistical element transmitting to the merchant computer an authorization indication indicating whether check payment for the product should be accepted"—column 10, lines 35-40 et seq., "database of overdrawn account numbers and names and addresses of bad check passers"—column 10, lines 45-40; and "obtaining a check guarantee from a firm specializing in such transactions"—column 10, lines 44-45) and generating a printed check including the customer's name,

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the third party bank name, a check amount, and further including bank routing information (FIG. 10); whereby the printed check may be processed using standard check processing channels (abstract). Pollin lacks, however, an explicit illustration of ordering online, it is directed principally to telephone mail ordering. However it does *explicitly* suggest embodying networking technologies ("local area network, packet switching system, cellular telephone..."—column 14, lines 40-49).

Rowney demonstrates: an Internet-based payment validation system comprising: a merchant computer ("on line catalogue information on the merchants World Wide Web page"—column 135, lines 11-15; element **130**--FIG. 1B; :merchant web site **180**"--FIG. 1C); programmed to communicate with the Internet to create an Internet site listing A product for sale ("browser to view on line catalogue information"—page 135, lines 10-15) and indicating a option to pay by check ("means of payment has been selected..."--column 135, lines 27-30; "Payment instruments could include... CHECK, SMARTCARD, or DEBIT CARDS"--column **141**, lines 35-40) from funds held by a third party (inherent in "E-check"--col. 24, lines 45-50); a customer computer programmed to communicate on the Internet and to communicate with the merchant computer (element **120**--FIG. 1B; consumer desktop 186--FIG. 1C) to identify the product desired ("select the items to be purchased"--column 135, lines 15-20) to be purchased and to select the check payment option ("means of payment has been selected"--column 135, lines 26-30). It would have been obvious to a **Person Having Ordinary Skill In the Art** at the time of the invention, i.e., *PHOSITA*, to combine the online ordering system of Rowney with the check acceptance system of Pollin, by accepting the information required to process Pollin's

check online in a mail ordering system such as disclosed in Rowney, in order to "improve access to mail order goods and services for those who do not have a credit card" (See e.g., Pollin, column 16, lines 50-55). Further motivation to combine would have been in order to reach a wider customer base, e.g., Internet users. Further motivation to combine would have resulted from the observation that both Rowney and Pollin as relied upon were directed to the same technical field of endeavor, i.e., paying for mail order goods and services. Further motivation to combine would have resulted from the inherent analogy between telephone and internet ordering, i.e., Internet retailing would have been recognized at least in part as analogous to the catalogue retailing business, and thus similar methods would have been recognized as desirable to port Internet e-cataloguing, because the online ordering of Rowney, for example, would have been an electronic (automated) counterpart to prior-art printed catalogues.

11. Per dependent claim 2, Pollin and Rowney disclose all elements as applied in the rejection of independent claim 1, supra. Pollin further discloses: a statistical element selected from a group consisting of a total price of the identified product, the price and timing of previous purchases of other products using the unique customer identifier, the type of identified product and the occurrence of any dishonored payment associated with the previous transactions using the customer identifier ("... the software may compare the payer and/ or account information to a 'negative database' listing"—column 12, lines 19-25).

It is noted that this is a Markush claim which requires only one of the recited elements. --One acceptable form of an *alterative expression* is commonly referred to as

a Markush group, recites members as being 'selected from a group consisting of A, B, and C--See *Ex parte Markush*, 1925 C.D. 126 (Comm'r Pat. 1925).

12. Per dependent claim 3, Pollin and Rowney demonstrates all elements as applied in the rejection of independent claim 1, supra. Pollin further discloses:

(1) an indication of not authorized, indicating that the acceptance of a check is not advised ("check authorization"—column 12, line 14),

(3) an indication of authorized with a guarantee indicating that the amount of the check will be guaranteed ("check guarantees"—column 12, line 15).

Per (2), Pollin fails to explicitly recite authorizing a check without guarantee, however this is *implied*, since a check is explicitly done to provide "on-line check guarantees", and "determining whether sufficient funds are available"—column 12, lines 19-20). "In considering the disclosure of a reference, it is proper to take into account... the inferences which one skilled in the art would be reasonably expected to draw therefrom"—*In re Prada*, 401 F.2d 825, 159 USPQ 342, 344 (CCPA1968) cited in MPEP 2144.01.

Further, Rowney explicitly discloses accepting a payment instrument based on the merchants acceptance of risk("allows a merchant to conditionally decide on the authorization or rejection of credit under a particular payment instrument based on their risk level and the merchants ability of the cardholder to pay"--column 141, lines 45-51).

It would have been obvious to *PHOSITA* at the time of the invention to include an indication of no guarantee, but availability of funds and subject to the merchant's discretion in Pollin and Rowney, because it is *implied* by the disclosure of Pollin, and in

order to help a merchant to make an informed decision to accept a check even if a guarantee is not available. Further motivation to do this would have been in order to allow a merchant to accept a minimal risk when the risk was low, e.g., for small sum transactions, and in order to allow a merchant to make a decision on additional information, e.g., a personal relationship with the buyer, when the buyer had no history of passing bad checks.

13. Per dependent claim 4, Pollin and Rowney demonstrates all elements as applied in the rejection of independent claim 1, supra. Pollin further discloses: "printing of the check" ("stand-alone system for printing drafts"—column 3, lines 62-65).

14. Per dependent claim 6, Rowney and Pollin demonstrates all elements as applied in the rejection on independent claim 1, supra. Pollin further discloses phone number ("telephone number"—column 7, line 20), and bank routing number ("ABA number"—column 7, lines 25-26).

It is noted that this is a Markush claim which requires only one of the recited elements. --One acceptable form of an *alterative expression* is commonly referred to as a Markush group, recites members as being 'selected from a group consisting of A, B, and C--See *Ex parte Markush*, 1925 C.D. 126 (Comm'r Pat. 1925).

15. Per dependent claim 7, Rowney and Pollin demonstrates all elements as applied in the rejection on independent claim 1, supra. Pollin further discloses obtaining a bank outing code and providing the customer with a portion of the unique identifier ("ABA number is found... [providing] financial institution name"—column 9, lines 48-53).

Examiner's note: at minimum the check is returned to the customer.

16. Per dependent claim 10, Rowney and Pollin demonstrates all elements as applied in the rejection of independent claim 1, supra. Pollin further discloses "statistical elements based on the occurrence of previously dishonored payments (" negative database' listing names and addresses... other identifying information of persons who have drawn bad checks"—column 12, lines 19-25).

17. Per dependent claim 11, "Official Notice" is hereby taken that it notoriously well-known to present a drivers license number as identification when cashing a check. It would have been obvious to *PHOSITA* at the time of the invention to include a driver's license number in the system of Pollin and Rowney in order to further verify the identity of the buyer, and in order to increase chances of collecting a bad check.

18. Per dependent claim 13, Pollin further discloses "telephone number"—column 7, line 20; "ABA number, account number, and next check number is obtained from the debtor"—column 7, lines 25-30.

It is noted that this is a Markush claim which requires only one of the recited elements. --One acceptable form of an alterative expression is commonly referred to as a Markush group, recites members as being 'selected from a group consisting of A, B, and C--See *Ex parte Markush*, 1925 C.D. 126 (Comm'r Pat. 1925).

19. Per dependent claim 14, Pollin further discloses matching the customer identifier to the bank name, customer name and bank routing information ("level of verification for such drafts"—column 4, lines 14-1; "periodic payments"—column 8, lines 55-56; "ABA number is found in the database... displays financial information"—column 9, lines 49-54).

20. Claims 8-9 are rejected under 35 U.S.C. 103(a) as being unpatentable over Pollin, US Patent No. 6,041,315 A, issued 03/2000 in view of Rowney, US Patent No. 5,987,132 A, issued 11/1999, and further in view of Templeton et al., US Patent No. 5,679,940, issued 10/1997

21. Per dependent claim 8, Pollin and Rowney et al fails to wherein the statistical element is based on a total price of the identified product.

Templeton teaches that transactions that do not involve a lot of money are low risk transactions. It further teaches using this as a criteria for evaluating risk in accepting checks ("In the case of low risk transactions, which typically involve checks written for small amounts of money, the risk of loss may not justify the delay and communications costs associated with obtaining an on-line authorization indicia from the authorization host computer. Accordingly, a merchant may be able to reduce the costs and inconvenience by not requesting authorization indicia from the check acceptance service if a check is below a predetermined amount, or floor limit. In such cases, some check acceptance services provide check guarantee and require only that the merchant keep a log of the accepted checks that fall below the floor limit. "--col. 2, lines 30-41"). It would therefore have been obvious to *PHOSITA* at the time of the invention to employ total price as a risk factor in the invention of Pollin and Rowney because as it was taught by Templeton, low price transactions were low risk, and thus transaction amount would have been a good indication of risk involved in a check transaction of Rowney.

22. Per dependent claim 9, Rowney lacks a teaching of evaluation transaction risk via price and timing. Templeton teaches price (col. 2, lines 30-42) and timing col. 13, lines 35-67. It would have been obvious to *PHOSITA* at the time of the invention to use price and timing as evaluation criteria for e-check risk in Rowney, because Rowney teaches predicting risk in an e-check transaction; and Templeton teaches that these factors provided a good predictive model for e-check transactions, and therefore it would have been obvious to *PHOSITA* at the time of the invention to employ timing of previous transaction in the risk evaluation method of the combined device, e.g., by using these factors to make a decision on guaranteeing the check, in order to increase the accuracy of risk prediction of Pollin and Rowney.

23. Claims 15 is rejected under 35 U.S.C. 103(a) as being unpatentable over Pollin, US Patent No. 6,041,315 A, issued 03/2000 in view of Rowney, US Patent No. 5,987,132 A, issued 11/1999, further in view of Anonymous. "Telecom Advances May Cause Overhaul of Checking Industry." *Financial Services Report* Vol. 9, No. 4, pp. 5(3)(reprinted), 02/1992.

24. Per dependent claim 15; Pollin further provides for "check is electronically transmitted to the bank and includes information not transferable over the ACH system" ("draft printing functions are performed in a central secure location"—column 14, lines 18-25; "facsimile verification request to a financial institution"—column 16, lines 4-6. The examiner believes this meets the broadest reasonable interpretation of the claim

language, because it explicitly demonstrates transmitting the electronic check over a network, as part of the clearing process of that check.

However, in the interest of "compact prosecution" it is noted that *Financial Services Report 02/1992* demonstrates that a system was known to transmit electronic images to a bank for processing, in lieu of the paper copy. It would have been obvious to *PHOSITA* at the time of the invention to send an image to the bank for processing in Pollin and Rowney in order to reduce transmission cost and delays associated with handling paper when processing the check of Pollin and Rowney, as suggested by the *Financial Services Report 02/1992* reference.

Response to Amendment of 02-11-02 and affidavit filed therewith.

The Examiner's response to the remarks of the preliminary amendment of 2-11-02 is moot in light of the new grounds of rejection. A new combination has been applied to the claims.

Applicant's affidavit has been fully considered, and extremely helpful in distinguishing the invention from the Rowney reference alone. However, it falls short of providing "secondary considerations" which would potentially distinguish it over the present combination of Pollin and Rowney. "Secondary considerations" could include, for example, a long-felt need in the art, prior unsuccessful attempts at solving the problem, or evidence of commercial success.

Thus, Applicant's arguments are similar to an attorney's arguments inasmuch as a detailed response is moot in light of the new art applied to the new claim limitations which embody the arguments presented.

US PATENTS

US004888812A See *esp.* col. 1, lines 25-37 & col. 2, lines 19-21

FOREIGN PATENT PUBLICATIONS

EP000661654A2 See *esp.* abstract, col. 3, lines 10-45,
col. 4, lines 49-56 col. 6, lines 21-57 et seq.
col. 7, lines 20-25 Col. 8, lines 15-27 and 50-57.

NON-PATENT LITERATURE

Redi Check services on the Internet

Whittelsey, F. C. "Taking orders by phone check." Nation's Business Vol. **85**, No. 1, pp. 66(reprinted), 01/1997. .

Check Imaging

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Anonymous. "Banks Vie to Offer Imaged Checks to Cash Managers." Document Imaging Report Vol. 5, No. 4, pp. N/A(reprinted), 02/1995

Pay by check online

PR Newswire "Online Shoppers Can Now Pay by Check -- over the Internet." PR Newswire Vol. -, No. -, pp. 426(reprinted), 04/26/1996.

Imaging checks for processing

Anonymous. "Image: Banks See Pennies Saved, Pennies Earned From New Imaging Technology." Report on IBM Vol. 7, No. 12, pp. N/A(reprinted), 03/1990,

Checks by Net (related to assignee)

Anonymous. "Check Writing On The Web." Bank Technology News Vol. -, No. -, pp. N/A, 07/1998.

Netchex product

Epper, K. "Bank partner sought for Internet check system.(Netchex of Phoenix, Arizona)." American Banker Vol. **160**, No. 108, pp. 16(reprinted), 06/1995.

General teaching on state-of-the-art

McClure, D. "Check-writing packages: wide range for small market.(Evaluation)." Accounting Today Vol. **9**, No. 20, pp. p24(6)(reprinted),

Netchex product

Anonymous. "Netchex Eyes Internet Electronic Checking." Item Processing Report Vol. **6**, No. 14, pp. N/A, 07/1995.

E-check (ACH)

Anonymous. "Checks' Web Mate: The E-Check." Financial Service ONLINE Vol. -, No. -, pp. 49+(reprinted), 01/1998.

Electronic check model

Anonymous. "Checking Out On the Internet." Financial Service ONLINE Vol. -, No. -, pp. 61+(reprinted), 05/1996.

Conclusion

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Hand-delivered responses should be brought to:

Sixth Floor Receptionist, Crystal Park II, 2121 Crystal Drive, Arlington, VA.

Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Jeffrey ROSSI whose telephone number is (703) 308-5213. The Examiner can normally be reached on Mondays, Tuesdays, and Thursdays from 0830 to 1730 EST.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Heather HERNDON, can be reached on (703) 308-5186.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (703) 305-3900.



Jeffrey Allen ROSSI

Patent Examiner, Art Unit 2176

2002-04-11